

## Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 IO-13 OIC-02 SSO-00 NSCE-00 INRE-00  
AGR-01 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01  
INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01  
EPG-02 AID-05 SS-15 STR-04 ITC-01 TRSE-00 PRS-01  
SP-02 FEAE-00 OMB-01 AF-10 ARA-10 EA-07 EUR-12  
NEA-10 USIE-00 /134 W

-----171412Z 113720 /46

O R 190951Z JUN 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 5181

INFO AMEMBASSY BRASILIA

AMEMBASSY ABIDJAN

AMEMBASSY SAN SALVADOR

AMEMBASSY ANTANANARIVO

AMEMBASSY BOGOTA

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMEMBASSY SAN JOSE

AMCONSUL SAO PAULO

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ETRD, EAGR, EPAP

SUBJECT: COFFEE -- BRAZILIAN COFFEE PURCHASES

REF: STATE 136727

1. REPRODUCED BELOW IS TEXT OF STATEMENT MADE TO THE  
EXECUTIVE BOARD OF THE INTERNATIONAL COFFEE ORGANIZA-  
TION (ICO) BY USREP (THIGPEN) ON JUNE 16, 1977. TEXT  
HAS NOT BEEN RELEASED TO PRESS AND WE RECOMMEND  
AGAINST DOING SO. COPY GIVEN TO BRAZILIAN REP (LIMA).

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2. RESPONSE BY PRODUCERS WAS RESTRAINED. BRAZILIAN  
AND OAMCAF REPS BOTH DISCLAIMED KNOWLEDGE OF "RUMORED"  
INTERBRAS PURCHASES. LIMA PROMISED TO INFORM ICO AND  
MEMBERSHIP IF HE RECEIVED ANY OFFICIAL WORD. OAMCAF  
REP SAID NEITHER OAMCAF NOR THE IVORY COAST CONDONES  
MEASURES TO RESTRICT TRADE IN COFFEE, ALTHOUGH HE

ADMITTED THE POSSIBILITY THAT THE GOOD ADVICE OF COFFEE  
AUTHORITIES COULD BE DISREGARDED AT THE POLITICAL  
LEVEL.

3. TEXT OF U.S. STATEMENT FOLLOWS (NOT FOR RELEASE):

"MR. CHAIRMAN,  
EARLIER DURING THIS MEETING I MENTIONED THAT I WOULD  
WISH TO RETURN TO SOME OF THE ISSUES RAISED BY A  
NUMBER OF DELEGATIONS IN CONJUNCTION WITH DOCUMENT  
WP 162, THE DRAFT QUARTERLY BULLETIN.  
WE ALL KNOW, THAT COFFEE PRICES, AFTER REACHING UN-  
PRECEDENTED HEIGHTS, HAVE RECENTLY DECLINED. ONE ONLY  
HAS TO READ TODAY'S FINANCIAL TIMES -- IF HE ISN'T A  
TRADER HIMSELF -- TO SEE THIS.

MR. CHAIRMAN, MUCH HAS BEEN SAID ABOUT THE DIFFICULTY  
IN DETERMINING WHETHER HIGH PRICES HAVE HAD AN IMPACT  
ON CONSUMPTION AT THE RETAIL LEVEL. YET, IN THE  
UNITED STATES A RECENT SURVEY STRONGLY SUGGESTS THAT  
THIS IS INDEED THE CASE. THIS SURVEY, A SAMPLING  
FROM THREE REPRESENTATIVE CITIES ACROSS THE UNITED  
STATES, SHOWED:

-- A 14 PER CENT DECLINE IN TERMS OF PEOPLE DRINKING  
COFFEE "YESTERDAY" (THAT IS A HYPOTHETICAL DATE IN  
MARCH - MAY) AS MEASURED AGAINST 1976.

-- A 24 PER CENT DECLINE IN TERMS OF MEAN NUMBER OF  
CUPS CONSUMED "YESTERDAY".

THIS MEANS THAT NOT ONLY ARE FEWER PEOPLE DRINKING  
COFFEE BUT INDIVIDUALLY THEY ARE DRINKING LESS COFFEE.  
GORDON PATON, AS YOU ALL KNOW, HAS REPORTED THAT  
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ROASTINGS ARE DOWN FOR MARCH, APRIL AND MAY OF THIS  
YEAR OVER A SIMILAR PERIOD LAST YEAR (18 PER CENT) AND  
ALSO DOWN FROM 1975 (8 PER CENT). THE U.S. CENSUS  
BUREAU HAS PRODUCED SIMILAR DATA. MOREOVER, MUCH HAS  
BEEN PUBLISHED LATELY ABOUT THE TRIAL MARKETING OF  
COFFEE EXTENDERS IN THE UNITED STATES.  
MY PURPOSE IN CITING SUCH DATA IS NOT TO SUGGEST THAT

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TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 AF-10 ARA-10  
EA-07 EUR-12 NEA-10 /134 W  
-----171411Z 113721 /46

O R 190951Z JUN 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC IMMEDIATE 5182  
INFO AMEMBASSY BRASILIA  
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WE CAN PROJECT FUTURE TRENDS ON THE BASIS OF WHAT WE  
HAVE IN HAND TODAY. NOT AT ALL. THE POINT I WANT TO  
MAKE, IS, JUST AS THE MARKET SITUATION FOR COFFEE WAS  
CONFUSED AND THE MARKET ITSELF NERVOUS ON THE UP-SWING  
TWO MONTHS AGO, IT IS CONFUSED TODAY. GENTLEMEN, WE  
ARE LIVING IN A VERY DIFFICULT WORLD.  
I RECOGNIZE PRODUCERS HAVE MOVED COFFEE TO MARKET  
EXTREMELY WELL IN THIS COFFEE YEAR; THIS HAS BENE-  
FITTED PRODUCERS AND CONSUMERS ALIKE. HOWEVER, THERE  
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HAVE BEEN NUMEROUS REPORTS RECENTLY THAT INTERBRAS, A  
BRAZILIAN STATE TRADING AGENCY, HAS PURCHASED, OR IS IN  
THE PROCESS OF PURCHASING, SUBSTANTIAL QUANTITIES OF  
COFFEE FROM EL SALVADOR, THE IVORY COAST AND MADAGASCAR  
NEWSPAPER REPORTS HAVE GIVEN VARIOUS REASONS FOR SUCH  
PURCHASES. THESE ACCOUNTS RANGE FROM SAYING THAT THE  
COFFEE IMPORTS ARE NEEDED TO MEET REQUIREMENTS OF  
DOMESTIC INDUSTRY TO THAT THEY ARE AN EFFORT TO WITH-  
DRAW COFFEE FROM THE WORLD MARKET. AS I SAID LAST

OCTOBER, ARTICLE 30 IS CLEAR WITH REGARD TO TRADE  
BETWEEN EXPORTING MEMBERS: IT DOES NOT COUNT FOR  
QUOTA PURPOSES.

MR. CHAIRMAN, I WOULD LIKE TO REITERATE OUR VIEW THAT  
THE SORT OF PURCHASES I ALLUDE TO ARE CONTRARY TO A  
PRIMARY PURPOSE OF THE AGREEMENT WHICH IS TO SEEK TO  
AVOID ACTIONS WHICH WOULD HAMPER INCREASES IN CONSUMP-  
TION.

I REQUEST THAT THE SUBSTANCE OF THESE REMARKS BE  
REFLECTED IN THE RECORD.

THANK YOU."

BREWSTER

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
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**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COFFEE -- BRAZILIAN COFFEE PURCHASES  
**TAGS:** ETRD, EAGR, EPAP, UK, US, BR, ICO  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/fa61827a-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
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